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THE DEVELOPMENT OF FAMILY
THRIFT ATTITUDES AND
PRACTICES

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THE DEVELOPMENT OF FAMILY THRIFT ATTITUDES AND PRACTICES

Introductory

Definition

Thrift is an economic problem of immediate concern to the family. The word "thrift" is often used loosely with many different meanings. In this study, an attempt is made to define "family thrift" accurately and the field of the study is limited to the confines of the following definition: By "family thrift" is meant the conscious saving of material resources --- abstinence from their present consumption, waiting for later use, postponed consumption --- by and for the two-generation family. What is sometimes substituted for family thrift in providing for incapacitated members of a family may be the spreading out of present resources, not the using of saved past resources.

Purpose

The study is an attempt to analyze the development of family thrift attitudes and practices and to evaluate them in the light of contemporary conditions. A knowledge of the circumstances under which the attitudes and practices arose in the past affords a basis for appraising their adequacy in the present. As conditions change, either the attitudes and practices must change to conform with later circumstances, or a condition of maladjustment will generally result, that is, old

attitudes and practices unsuited to new conditions.

Method

In tracing the development of family thrift, no attempt was made to cover the ground completely or chronologically. Instead, first the beginnings of thrift were sought among the preliterates and the early Mediterranean civilizations. The Mediterranean civilizations were selected because of their important bearing on occidental civilization. The object was not so much to set forth the factual findings per se as to note genetic relationships to later developments in family thrift or its substitutes, and also to note direct legacies to the present. Thus provision for the future, though very different in both form and extent from that made at present is found among the preliterates. After noting early appearances of thrift, certain significant factors which have strongly influenced its development were separately traced from early beginnings into medieval and modern times. These factors include communism, private property, the poverty ideal, and, even more pertinent, capitalism. Lastly, the present situation was considered in the United States as the final stage in the historical development --- although in another sense, the whole historical development was merely a necessary preliminary to understanding the present situation.

As to sources of material, the observations of ethnologists were relied upon for thrift attitudes and practices

among the preliterates. For Hebrew civilization, the original sources were the Bible and the Talmud; for Greek civilization, Aristotle and Plato of the philosophers, and Hesiod and Theognis of the minor poets; for Roman civilization, Cato, Cicero, Virgil and other philosophers and statesmen. For attitudes toward family thrift in medieval and early modern Europe, Thomas Aquinas was taken as chief spokesman for the Catholic church (which dominated all medieval thinking), and Calvin for the Reformation. On the growth and influence of the capitalistic spirit, the writer accepted in the main the views of certain modern German economists, especially Werner Sombart and Max Weber. To obtain early American attitudes, the writings of Benjamin Franklin were used. In furnishing modern attitudes, Middletown offered a rich material, as did recent "thrift" literature and Home Economics textbooks. For modern practices, statistical material was sought, e. g., findings on family savings in studies of costs and standards of living, and data on the growth of savings and savings institutions.

After materials from the past and present were assembled to show attitudes and practices, the findings were subjected to the process of economic analysis, and were discussed in relation to present economic theories. For example, the relationship of family thrift to social capital was analyzed as a part of the general economic problem of the formation of social capital.

Theories of Human Behavior Explanatory of Thrift

A necessary step in undertaking the study was a weighing of the various theories of human behavior which might explain thrift --- the culture pattern theory, the instinct theory (thrift based on the acquisitive instinct), and the economist's theory rooted in hedonism. This critical appraisal was essential since only if the culture pattern theory is feasible could the work be attempted. The instinct or biological theory assumes a definite number of innate specific tendencies of mind that can neither be eradicated nor acquired by an individual during his life time. If it be true, thrift can have no cultural basis, only a biological one. The culture pattern or social theory assumes only vague unorganized longings as inborn, and specific drives as formed from the interaction of these urges with the surroundings, including physical environment and group life. Wishes and attitudes are both concepts in the social theory. A wish may be defined as an inborn impulse accompanied by some concrete image of its satisfaction --- the concrete image furnished by group life. Custom then sets the patterns for the fundamental desires of the individual. Certain of the fundamental wishes, the wish for recognition, the wish for affectional response, and the wish for security, are illuminating to the problem in hand. When a wish has resulted in overt action, or when it has been repressed or suppressed, an aftermath is left --- an "attitude". This is not

a specific thing, but is that which gives the set toward a generalized form of human behavior. According to Dewey, social attitudes are "subdued, non-patent forms" of habit.¹

The economist's explanation of thrift is an attempt to relate saving to the theory of distribution in classical economics. According to this theory each of the factors of production receives its distributive share in the resulting product. The share received by capital is interest. To justify interest, the pain cost of capital, that is, the "sacrifice" of abstinence or waiting, similar to the pain cost of labor, is emphasized. The underlying psychology of balancing present and future pleasures and pains in deciding to abstain or not to abstain from present consumption is that known as hedonism. It has been at least partially discredited as an explanation of human behavior.

Of the many theories of human behavior the writer believes that the culture pattern theory most adequately explains variations in human life. There is a growing acceptance of the importance of culture patterns. Sumner's Folkways at the end of the Nineteenth Century established the concept and power of the mores in shaping behavior. This study supplies some basis for the acceptance or rejection of the theory in regard to the problem of family thrift, for its task was to analyze the varying conditions which have given rise to different thrift atti-

¹John Dewey, Human Nature and Conduct, (New York, 1922), p. 41.

tudes and practices, and to show the various patterns of thrift behavior which have emerged under these different conditions.

Findings

Historical Development

The historical development of family thrift as undertaken in this study includes a tracing of the early appearances of thrift among the preliterates and the Mediterranean civilizations; and then an analysis of certain significant factors that have had a bearing on the growth of family thrift.

Early Appearances

Among the Preliterates. The "preliterates" --- those peoples who have no written language --- are often accused of having no foresight and hence of making no conscious provision for the future. Present day anthropologists such as Malinowski and Firth disagree with this assumption. They emphasize that the preliterate has foresight of his own type just as civilized man has it of his. To be sure, the form of savings for future needs is different, the degree of thrift is less, and the unit which saves is different. The preliterate can, of course, save only concrete goods, largely but not entirely consumption goods. The canoe, the fishnet, the seed saved to be planted, are all production goods.

The degree of general thrift is less in a preliterate

community because of certain deterring conditions, notably lack of the technological knowledge necessary to produce a surplus and to preserve it when once produced. The advance of the arts has a double-barreled effect upon saving, necessitating it beforehand to make possible the production of implements, etc., and favoring it after their production by making a surplus more easily possible. Then, too, some preliterate live under such favorable climatic conditions that there is little incentive to provide from one time to another, when all times are bountiful. Lavish feasting as an accepted custom quickly exhausts stores of supplies the use of which might be more wisely spread out over a longer period of time. Ceremonial gift-giving between persons and whole tribes depletes the resources of the giver although the custom of meticulous counter-gift may replenish them. Another strong deterring custom is that of destroying an individual's possessions at his death, for no store of wealth can be built up under such a system. Lastly, and very significant in the development of this study, the unit of provision for the future is neither the small nor the great family. Since the genuine economic unit of support is the clan or village, and since a whole tribe shares food according to precedent, no one suffers from want while others have plenty. Consequently the individual family does not feel the pressure of providing for its own future. Thrift is not an individual family problem to preliterate peoples.

In the Mediterranean Civilizations. Thrift in the

Hebrew civilization differed from thrift among the preliterates chiefly in the economic unit through which provision for the future was made. This was the patriarchal family group as compared with the tribe which was the unit among the preliterates. A further difference is that social saving through public works appeared among the Hebrews to a slight degree. Road building and the temple at Jerusalem are examples. Contrasting Hebrew thrift with the modern occidental type, one notes differences mainly in size of family unit through which provision was made, and in form of savings. The unit of provision has in general shrunk from the great or patriarchal family to the small two-generation family. Family obligations no longer extend to distant kin as a matter of course, though the care of aged parents and perhaps grandparents, and incapacitated sisters and brothers, is still in many cases a responsibility on the shoulders of the young and able-bodied who must share their present resources in meeting the obligation. Saving in the form of concrete goods, chiefly consumers' goods, has given way in large measure today to saving abstract resources --- claims to income --- to be put to productive uses.

The general spirit of the Old Testament as to the necessity for industry and for provision for one's own future, the firm belief in material well-being as a God-given gift, are strong Hebrew legacies to the present that were little displaced by the ascetic ideas of the early Christian church. An

equally potent legacy is the Old Testament attitude toward charity --- the sharing of resources with the needy, or social provision for individual contingencies. This attitude never displaced approval of material success, but flourished along with it as an inheritance to later Israel from the nomadic form of life in which the community was solely a blood brotherhood. Charity today is still universally considered a social duty, a moral obligation; and, to many, it is a religious duty as well.

The differences between thrift attitudes and practices in ancient Greece and in the modern occidental world, are very like those found in the comparison of Hebrew civilization with modern. Among the Greeks the form of savings and the unit through which provision for the future was made were the same as among the Hebrews. Savings were still largely consumers' goods with some addition of "treasure" or deferred claims to consumers' goods. Silver and gold were, however, also known to the Hebrews. The patriarchal family remained the unit of provision. Class distinctions were important among the later Greeks and both opportunities for saving and attitudes toward saving varied according to class. The rich with their greater opportunities for saving had much less incentive to save than did the poor. Their possessions were not very secure for the state might step in and confiscate their property to support the general populace and the government. Probably Greek slaves had some chance to make small savings and to retain pos-

session of these savings.

The differences between Greek and Hebrew thrift were chiefly in the greater extent of social savings among the Greeks in the form of public works such as buildings and art treasures; and in the substitution for family thrift of state provision for the needy. The state consciously assumed a certain amount of responsibility for its poor citizens, and added to their incomes through public relief.

The attitudes which are legacies from ancient Greece, however, are somewhat different from the Hebrew legacies. Unquestionably the voice of their great philosophers Plato and Aristotle is the voice that has echoed down the centuries and affected modern thinking directly and indirectly. That voice emphasized the not-too-little and the not-too-much, more than did the Old Testament Hebrews with their comfortable, but not excessively materialistic philosophy.

How far the philosophers affected the mass of people of their own era is another question. The attitudes of the farmer Hesiod, with his emphasis on frugality, are much less well known to modern times as typically Greek than are the teachings of the philosophers. His attitudes are strikingly modern. He pleads the case for honest toil as enthusiastically as ever did our own Benjamin Franklin many centuries later:

Still on the sluggard hungry want attends;
The scorn of man, the hate of Heaven impends;
While he, averse from labor, drags his days,
Yet greedy on the gains of others preys;

E'en as the stingless drones devouring seize
With gluttoned sloth the harvest of the bees.

Love every seemingly toil, that so the store
Of foodful seasons heap thy garner's floor.
From labor, men returns of wealth behold,
Flocks in their fields, and in their coffers gold:
From labor shalt thou with the love be bless'd
Of men and gods; the slothful they detest.¹

He recommends small savings:

If with a little thou a little blend
Continual, mighty shall the heap ascend.
'Tis good to take from hoards, and pain to need
What is far from thee: --- give the precept heed.²

How far Hesiod affected his own epoch is also an open question; but the philosophers and Hesiod present two of the three philosophically different approaches to thrift which are extant at the present time. It remained for the early Christians to offer to the Western world the third, which they borrowed from oriental asceticism.

Thrift among the Romans differed little from that among the Hebrews and Greeks in the form of their savings and the unit of provision for the future. In early republican Rome thrift was similar to that in early Palestine and early Greece. The farmer in all three cases was important in society and the farmer favors saving. His spokesmen in republican Rome included Cato and Cicero. Both praise and applaud frugality. In the later empire period, class distinctions became more

¹Charles A. Elton, Hesiod (London, 1812), pp. 17-18.

²Ibid., p. 19.

sharply marked than in the later periods of either Hebrews or Greeks. The Roman masses whether slave or free, whether urban laborers or tenant farmers, were in such a hopeless, poverty-stricken condition that family thrift could have occurred only at the expense of immediate needs for sustenance. Testimony to this fact comes through the records of wage scales and the volume of state charity.

The elaborate programs of public works carried out by the Romans, vaster than those of the Greeks, furnished means on a grand scale of amassing social capital. It was accumulated, however, at the expense of present consumption needs as the misery of the masses indicates.

Two modern means of social provision for families are found in embryo among the Romans --- the "alimenta" (similar to mothers' pensions), and social insurance among the labor guilds. One can scarcely call the idea of mothers' pensions a legacy to the present, since these pensions lasted a scant century and died with the Romans to be invented afresh in the present era. However, social provision for the needy on the insurance principle lived on through the guilds of the Middle Ages.

In general, the philosophers take the same neutral attitudes toward thrift among the Romans, as they did among the Greeks. "Of all, it can be said that they decried the luxury and vices of their time (the later periods), condemning the

thirst for riches --- especially money --- and preaching moderation."1 They are, however, more materialistic than the Greeks. Seneca's advice is to "Cease then proscribing money to the philosophers. Has anyone condemned wisdom to poverty?"2

The ancient civilizations, then, saw the continuation of knowledge as to how to provide for the future. Various forms of wealth existed, notably flocks, vineyards, precious metals, land and human beings. While the latter two forms of wealth were not direct savings, their appropriation and the enjoyment of their products by individual families was a means of ensuring future provision for those families. In some cases, this appropriation was made possible through purchase out of savings; in others, it resulted from violence. In the former instance, it stimulated saving. Famine was not conquered but was controlled to some extent, e. g., through public granaries in Egypt. No longer was wealth as wantonly destroyed at the death of its owner as among the preliterates, although much was still sealed up in tombs.

The patriarchal family, with its several generations and its slaves, had become the chief economic unit in spite of a certain amount of economic interdependence within the community. General tribal sharing of resources, therefore, had

¹L. H. Haney, History of Economic Thought (New York, 1927), p. 71.

²De Tranquillitate Animi, p. 23. Quoted in W. Sombart, The Quintessence of Capitalism (Trans., M. Epstein, New York, 1915), p. 26.

changed into provision for kin through the family; and family thrift made its first appearance though in the "great", not the "small" family. As class lines emerged and were set, provision for the unfortunate by the more fortunate became a religious duty to the Hebrews, a state duty to the Romans and Greeks. Sharp class distinctions, particularly in Rome, meant that the large mass of the people lived on the borderline of want, either as freemen or as slaves. Social or free income for all from public works came to later generations from the enforced saving of the generations who built those public works.

Security was still relatively lacking. Wars with pillage and confiscation were rife in all lands at frequent intervals; and equally making for uncertainty, was the possibility of deliberate confiscation of citizen's property by the imperial tyrants at Greece and Rome to pay state expenses. The very significant practice among the artisans' colleges at Rome of distributing risk by compulsory mutual aid was a genuine advance in the handling of the problem of security.

The emergence of two very different attitudes toward provision for the future may be reiterated. Moderation, and a somewhat neutral attitude toward material fortune, were advocated by the great thinkers of antiquity, and their message has not been lost down to our own time. On the other hand, among the peasant farmers, wherever hard individual effort

might be rewarded by at least a mitigation of poverty, the note of "Use sparingly, work hard, look ahead, store up" makes itself heard unmistakably. It, too, has not been lost, but has grown with the centuries.

Significant Factors Affecting the Later Development of Family Thrift in Western Europe

After the early appearances of family thrift, its further development from the saving of concrete goods carried on by the large family group was affected adversely by communism and the poverty ideal, favorably by the institution of private property and even more favorably by the rise of capitalism. These factors and their effects are presented below.

Deterring Factors --- Communism and the Poverty Ideal.

Communal sharing of resources --- one legacy from the preliterate --- has had a long continued history per se; and has in addition given rise to the institution of charity which continues strongly into the present. The poverty ideal, while not inherently a part of communism, has frequently been associated with it; and it also has had a definite influence in the formation of attitudes toward family thrift.

By communism is meant common ownership of the means of production, labor contributed according to ability, and a sharing of the resultant product chiefly according to need. Ability to produce may temper the equality of sharing. Communism

was practiced not only by the preliterates but later by religious brotherhoods and groups of social reformers. Communism does not preclude all thrift; but family thrift is an impossibility under it because the means and fruits of production are not owned by families. With communal sharing, provision for the future is entirely a matter of group concern. Whether it is as effectively done by the group as by individual families is not a settled question.

The poverty ideal is a philosophy of life that utterly disregards provision for material needs and wants. It was accepted by early Christianity and has wielded some influence up to the present time in the occidental world due to the religious sanction it carries. Nevertheless neither communism nor the poverty ideal has gained a foothold in the Western world. The recurring attempts to establish either or both have never succeeded for any length of time. The chief legacy that they have left is the favorable attitude toward charity which has grown out of them. Charity has developed from the generous, though somewhat indiscriminate and thoughtless, sharing of the preliterates according to precedent and need. It has also arisen from the poverty ideal, and in a left-handed fashion has stimulated thrift in certain persons. For in this practical world, the poverty ideal, held by certain individuals and carried to the literal extreme of taking no thought for the morrow, almost presupposes some one else taking that thought

for two --- in other words, producing and saving a surplus to be shared.

Factors Favoring Family Thrift --- Private Property and Capitalism. Of the strong influences stimulating family thrift, private property is one worthy of discussion. It means individual ownership or control; and the responsibilities of this ownership, along with the fruits of industry obtained in connection with it, are in large measure free from community interference. Contrary to popular opinion, there is probably no preliterate group that has reached the stage of being "human" without developing some private property coexistent with general communal property.

Of the many theories of the origin of private property, one in particular --- a religious explanation --- has a bearing upon thrift. It is the stewardship concept of property. The institution was explained as a part of the fall of man by the early Christian church, which leaned toward communism, and "taught that at one time under the Law of God and the Law of Nature community of goods, liberty and equality prevailed among mankind. It followed that Lordship made its first appearance as a consequence of the Fall of Man."¹ While this theory was emphasized by the early Christian church, it antedated it, being found in the Old Testament. Thus in the passage "thy land

¹ Otto Gierke, Political Theories of the Middle Age (Cambridge, 1900), p. 38.

which the Lord thy God giveth thee,"¹ God is considered the actual owner of the land. This theory became a part of medi-
eval theology, and may have been transmuted into the idea held
by the Social Contract theorists that property, along with
life and liberty, is a natural and inalienable right since all
are divine gifts. Charity, a social substitute for family
thrift, may be a function of the stewardship concept of prop-
erty.

Private property has stimulated thrift in two ways.
One is its enhancing of security of possession, for insecurity
is a strong deterrent to any thrift. The other is its relation
to the institution of the family. The family provides a power-
ful motive for saving. Affection and the desire for affection
both lead to protecting and caring for one's own; and further,
the wish for recognition, that is, family pride, may be satis-
fied by accumulating beyond the point of necessity. The con-
tinued existence of present day family life is dependent upon
material possessions. Not only the Jewish rabbis realized this
fact, but the Catholic theologian Saint Thomas saw the point
clearly at times and in spite of his bias toward early Christian
otherworldliness, was willing that a family should have enough
worldly goods to cover its needs but not more. The close con-
nection between the present accepted form of family life and

¹Deut. 15:4.

the institution of private property has been discussed by socialists and other political reformers. The economist Fetter says:

Social institutions that give a motive to the individual seem to be essential to effective and continuous saving. Among these institutions the most important are the family and, closely connected with it, the institution of private property. The effect of this in its best manifestations is to fix the responsibility for each person's economic welfare upon himself or upon his family. Through the institution of private property the state says to men: "Save if you will; the wealth and its future fruits shall be yours. But if you spend in the present, you alone will suffer the consequences."¹

The stewardship concept of private property has, however, had some deterring effect upon family thrift. As one line of genesis of alms-giving, which is social provision for the individual and the family, it has offered a substitute for family thrift. "Stewardship" in the last analysis may be interpreted to mean that family thrift is not the acid test of family economic survival, but that society at large is still its "brother's keeper". It accounts for the willingness of the producers of society to share their substance with the non-producers --- it and the concept of charity as "spiritual insurance", according to which the giver bought forgiveness for himself in Heaven by giving away his earthly treasure.

Important as private property has been in stimulating thrift, it is overshadowed in significance by capitalism. With the breakdown of the social and economic structure of feudalism

¹Frank A. Fetter, Economic Principles (New York, 1915), pp. 483-4.

toward the end of the medieval period, came certain changes related to thrift. In the precapitalistic period, saving of concrete goods was still the chief means of deferring consumption. Economic thought of the period (closely intertwined with religious thought) forbade interest, calling it "usury"; frowned upon trade; upheld fixed and unchanging social status; and considered "just price" to be based upon the cost of living of the social class to which the worker belonged.

In this period there was a swing away from the patriarchal family as the economic unit of provision for the future. Two sorts of economy co-existed in different localities at this time. In the manorial or feudal economy the lord and his serfs formed the economic unit of provision. In the village economy compulsory common tillage and other group activities, if not actual communal ownership of land, united the village into an economic unit and made for uniformity of provision for the future.

Attitudes of the ruling classes in the precapitalistic period were highly unfavorable to thrift. Although a surplus meant greater wellbeing for all, the nobility were relatively indifferent to saving because their method of meeting economic need was to exercise their prior claims to the goods produced by their retainers and their great interest was in military activity. In times of need lords and serfs doubtless suffered together, but the nobility suffered less because of these prior claims. Attitudes of the serfs toward thrift were less clear

cut. While the serf could not leave the land, neither could he be turned off of it; hence knowing nothing "of the anguish of unemployment, the search for work, the anxiety which are the lot of the wage earner",¹ he was not concerned to provide against these contingencies. Nor was he always eager to produce a surplus, when the prior claim to all the work of his hands was the lord's although he shared somewhat in the benefits of a surplus. Yet there must have been attitudes favorable to thrift among the serfs. They were desperately poor and great need inculcates the qualities of saving and frugality. Also there was probably more fluidity between classes in medieval times than one is commonly led to believe and saving must have been important to enable a man to rise above his class.

Capitalism, "a system of production, involving social relationships, in which the primary object is the gain of profit through exchange"² came into a world just emerging from medievalism. It has a characteristic form, a characteristic technique and a characteristic spirit. The form, that of pecuniary exchange, or production for the market, is its most obvious quality. The form stimulates thrift because, among other reasons, it gives an opportunity for the investment of a saved

¹P. Boissonade, Life and Work in Medieval Europe (New York, 1927), p. 142.

²Charles Beard, "Individualism and Capitalism," Encyclopaedia of the Social Sciences (New York, 1930), I:146.

fund and the derivation of an income from it. The technique, that of machine industry, also stimulates thrift because saving has been essential to produce the capital goods which are a necessity in machine production. The spirit will be discussed below.

The economic changes introduced with capitalism were many. Notably, it set free in the individual the desire to advance in life, and opened the doorway to such advancement. The serf was gradually freed from his attachment to the land; or he might, by a bold stroke, free himself by reaching a town and living there for a year and a day. As a free man, he might rise in the world. The trader gradually became a respected member of society, and obtained a competitive price for his goods on the open market. The individual family no longer needed to put by concrete goods from the time of plenty till the time of need, but it could save general purchasing power to be turned later into concrete goods as desired. Moreover, during the period between saving and later use, this general purchasing power was hard at work as "social capital", helping the wheels of industry to turn. Since it was not only desirable for such purposes, but absolutely essential, its accumulation was much encouraged. As it turned the wheels of industry, it ground out as part of the social product a reward for its owner in the shape of interest, and interest was no longer tabu. Under capitalism, a man might honorably trade, he might

accumulate capital by so doing; and then that accumulated capital making him a wealthy man, would push him into the new upper ranks of society in a world in which the barriers between classes were no longer fixed and unchanging.

In a way it was the capitalistic spirit --- the "Zeitgeist" --- which made possible the changes that capitalism brought in its wake --- the setting free of the desire to advance, coupled with the providing of opportunities for advancement, and encouraging of profit-seeking. The spirit formed, as it were, the "intellectual climate" for capitalism. Three elements are ascribed to it --- unboundedness, asceticism, and calculating rationalism. The first quality emphasizes its reaching out toward infinity of gain, the second its deprecating of ease and luxury, and the third its scheming and planning nature. The capitalistic spirit was probably developed out of the bourgeois spirit which became dominant in late medieval society, and the Calvinistic development of the Reformation movement. From the blend of these two lines of genesis came its dominant qualities.

The bourgeois spirit permeated society as the bourgeoisie gained ascendancy. They had as their ancestral background either peasants and serfs or traders. In both of these backgrounds thrift was present as it was not among the nobility. Hence thrift is a particularly bourgeois virtue and is related to the second quality of the capitalistic spirit, its asceti-

cism.

In the intellectual climate of capitalism, the religious sanction of saving and frugality, which brought in the morality-duty note, was a powerful impetus to saving in a world dominated by religious values. The Calvinistic strain in the capitalistic spirit has been made responsible for this sanction. In the efforts of the leaders of the Reformation to break completely with Catholicism, the idea of the "calling" was given a worldly meaning --- that man could and should serve God through his vocation, and that prosperity in his calling was an evidence of the Divine blessing. Hence poverty was dethroned from its revered position as a symbol of disregard for the affairs of this life through one's concern for the next world; and alms-giving was less favored. Further, since prosperity was a sign of Divine grace,

The duty of "saving" became nine-tenths of virtue and the growth of the cake (of capital) the object of true religion. There grew round the non-consumption of the cake all those instincts of puritanism which in other ages has withdrawn itself from the world and has neglected the arts of production as well as those of enjoyment. And so the cake increased; but to what end was not clearly contemplated.¹

The end was doubtless the glory of God, but there was no material way in which that glory could be manifested, since "the virtue of the cake was that it was never to be consumed, neither by you nor by your children after you."²

¹John Maynard Keynes, The Economic Consequences of the Peace (New York, 1920), p. 17.

²Ibid., p. 18.

Hence thrift became a new thing --- no longer mere provision for the future on the same plane as the past, but always advancement, more and more material possessions, the unbounded quality of the capitalistic spirit as manifested in thrift.

Evidence has been offered in this study that some type of thrift has existed from the time when men first formed human groups, that is, thrift in the sense of provision for the future. The recognition of the importance of this provision has waxed and waned under varying conditions. One cannot fail to note similarities that cut across the centuries regardless of the appearance of the capitalistic spirit. Similar circumstances have brought forth similar attitudes and practices. Hesiod and Franklin both lived under conditions in which frugality and carefulness in living brought their own tangible rewards. Both lived in relatively early periods in their respective countries, when resources were not developed. Sombart says: "(The colonial settler) undervalues the present; he overvalues the future."¹ Hesiod also has likenesses of situation to Cato in Rome and Tusser in Sixteenth Century England. All three were farmers, and hence in an occupation in which individual efforts are rewarded. The terms "husbandry" and "to husband", with their agricultural and thrift meanings respectively, show

¹The Quintessence of Capitalism (M. Epstein, trans., New York, 1915), p. 305.

the intimate association that has grown up between those ideas. There are likenesses of viewpoint between the Greek Theognis and the Seventeenth Century English Peacham, both slightly down-at-the-heels gentlemen of very different eras. Each accented the expediency of thrift since he had felt the pinch of want after knowing better days.

The great emphasis on the morality note in thrift, and on accumulation beyond the point of reasonable provision for the future, is, however, definitely bound up with the development and spread of the capitalistic spirit. Though the morality note does not appear in all writing of the capitalistic era, the fact that it is very easy to find up to the present time, shows that it has kept its vigor since the early post-Reformation days.

Thus private property, which has strengthened its foothold in the western world from the dawn of history to the present time, and capitalism, which arose at the beginning of the modern era, have both been potent influences in promoting thrift and especially family thrift. Both emphasize individualism; and family thrift rather than communal provision is a part of an individualistic philosophy. Capitalism in addition revolutionized the forms of saving and introduced new notes into the philosophy of saving --- the striving for unlimited gain rather than mere provision for the future, and the religious sanction to saving and frugality.

The Present Situation

In the period after the Industrial Revolution in the United States, that is, the present stage of family thrift, the following attitudes are dominant:

1) It is perfectly possible for the individual family to be the unit of economic provision for the future. It should practice thrift --- that is, abstain from consumption of certain present stores of goods in favor of future consumption, or under modern conditions refrain from turning all present purchasing power into present consumption goods in favor of future goods.

2) Family thrift is a virtue and commendable on moral grounds.

3) Family thrift is desirable.

a) It is desirable for the individual family.

b) It is desirable from a social point of view, for family savings are a chief source of social capital.

There is, in modern thinking, a confusion in attitudes toward the age-old substitute for individual provision for the future, that is, charity. The indefinite legacy from preliterate groups of group sharing, and the more definite legacy from the Early Christian church of exalting charity on religious grounds, have tended to develop a favorable attitude toward it, while the capitalistic spirit has had an opposite ef-

fect.

Changes in Family Life Bearing on Thrift

Before discussing the desirability and possibility of individual family thrift, it is necessary to scrutinize carefully the institution of the family per se under present conditions, and to note carefully any pertinent changes in it in the United States since the Industrial Revolution. It has experienced three general changes bearing on thrift, although they are so closely interwoven that it is no easy task to differentiate their influences. The first is the alteration in the size and composition of the family; the second, changes in the dwelling place of the family; and the third, changes in duties and responsibilities within the family. All three of these changes have adverse effects upon family thrift as provision for one's own out of present as well as past income of the younger and abler members of the family.

In the patriarchal form at its height, the so-called "great" family was in reality a small community united by the ties of blood, --- a community that was self-sufficing for all of its wants, including provision for the future, as far as such was possible in the existing state of society. The large family was more economically secure than is the small family. While it is not claimed that a definite fund was ever set aside by the group to care for individuals --- the aged, the

sick, the widow and the orphan --- yet the fund was there in scattered form and the various surpluses could be put together into one fund as special need arose. The patriarchal form of family life fitted particularly well into the agricultural mode of living because of the ease of expanding the physical space for the family as it enlarged. Further, every extra hand is valuable in an agricultural economy. It also fitted into feudal life when protection was all-important. The complete change to the small two-generation family group from the modified "great" family is relatively very modern, and chiefly found in parts of the industrialized occident.

Changes in the domicile of the family have resulted from the urbanization which followed in the wake of industrialization. They have seriously modified the ability of the individual family to care for dependent kin. House room is at a tremendous premium in cities, with housing costs high, and directly proportional to number of rooms. There is literally no physical space for the aged grandparents or the widowed aunt in the city.

The modern small family has a much lessened sense of solidarity among its members, and the individual members are probably less swayed by an abstract sense of duty in spite of the persistence of the background attitudes of the large family in an agricultural society. The moral obligation of provision for the child by his parents has changed less than the counter

obligation of provision for parents by their children. The former has, perhaps, been emphasized in the earlier years of a child's life; and been weakened, but not abandoned, in the case of grown children. Children's sense of duty for the support of their aged parents, based as it was on the conditions of an agricultural mode of living, is much diminished in an urbanized industrial society. In such a society, housing and food costs are directly proportional to number of persons in the household; and must be paid for chiefly out of money income.

The chief means of support in old age, however, is still one's own children. Testimony to this fact appears in the statistics of the marital status of aged male paupers. Still the changes in family life have modified the age-long expectancy of provision for the old by the younger members of the family. Under present conditions it is increasingly important for the young and vigorous to make provision for their own post-productive period. Because of the swing away from agricultural life, this provision must take financial form. The importance of family thrift for this specific purpose is thus increased.

Changes in the Economic Situation of the Family

It is not alone that the family has changed in size, type, residence, duties and responsibilities, but the economic

situation in which it finds itself today is very different from that of former periods. In earlier times, the family lived chiefly under agricultural conditions. The prevailing economy was relatively simple, production and consumption taking place to a large extent within the unit of the family, and if not, within a homogeneous, geographically circumscribed group. Since cities were small in the United States until the last quarter of the last century, even in urban communities families were more independent than at the present, and relied less on money income and exchange. The economy which followed in the wake of a high degree of industrialization, and consequent urbanization, is of a different nature. Under urban conditions production is an exceedingly complex process and no household approaches the self-sufficiency of earlier times. Families are more interdependent in an exchange society; and the individual in the family, not the whole family group, is the earner and the recipient of income. The change from the "agricultural" to the "industrial" mode of living is, of course, not complete today, nor was the population ever all "agricultural" except in very simple societies such as American pioneer communities. In the present economic situation of the family there are two major elements bearing on thrift --- a) the family income, and b) certain effects of the money economy.

The Family Income. The family income today is receiv-

ed in large measure in the form of money rather than direct goods and services. In addition, the crowded conditions of urbanization have cut off the possibility of augmenting money income by direct income. No longer can the industrial worker supplement his money income with direct income from his garden and the use of the common as was possible before the Industrial Revolution. With money income there has resulted a change in the form of savings from consumer's goods and capital goods to capital fund. As was discussed under the development of modern capitalism, the family no longer relies on concrete goods --- its house, its cattle, etc., for provision in emergencies and in old age, but it accumulates abstract claims to income such as stocks and bonds, mortgages, savings bank accounts and the like. This change may be an incentive to thrift since consumption can better be spread out over a period of time without deterioration of that which is saved, and the abstract fund may serve unknown future needs better than could concrete goods. Contrariwise, the very abstractness of money income may make it less appealing to concrete-minded persons.

Another change in the family income is that it results increasingly from sale of services rather than from entrepreneurship. The income of the entrepreneur, based on control of productive goods is, in a way, provision for future emergencies because such income is less contingent upon the immediate ef-

forts of the individual breadwinner. The receiving of direct income goes on for a time, at least, without a quid pro quo if the entrepreneur is incapacitated. There are, however, certain compensations that go with the sale of services. To some extent, the purchaser of services acts as an immediate buffer between the laborer and the outside world. The shift in source of income has removed a strong impetus to saving. There is conclusive evidence that entrepreneurs are the great saving class.¹ With the decline in entrepreneurship the individual and not the family has become the unit for earning income. This innovation has had effects upon family thrift, partly through changed family relationships. It has also lowered the upper age limit of prospective workers. Individual contracting of labor means that older people cannot pool their labor with that of the family when they can no longer compete on their own merits. It is self-evident that the size of the family income is changed when conditions are such that some of its willing members cannot find opportunities for the sale of their productive labor. With reduced size of family income there will be less of a margin for savings.

Certain Other Effects of the Money Economy. Beside the changes in character of the family income, there are other deterring effects of the money economy upon family

¹W. I. King, "Net Volume of Savings in the United States," Journal of the American Statistical Society, 18 (1922), 468-9.

thrift. Under the money economy, production has come to take place without specific orders. Goods of all sorts are put upon the market to await the customer who has their purchase price. Nor has the pecuniary order of society rested with assembling goods upon the market to speak for themselves. Advertising has been invented to make the population aware of these goods. Further, one may not only be stimulated to purchase and thus refrain from saving, but he may be encouraged to mortgage the future through modern credit facilities. All of the foregoing circumstances are deterrents to thrift.

Nevertheless, the money economy has in the main been a powerful stimulus to thrift. With its machine technique, productivity of the individual laborer has been enormously increased so that there is a greater possible margin for savings. At the same time there is greater need for savings to make possible this technique. Also the capitalistic spirit, mentioned above as related to the money economy, set free in the world the greatest desire to accumulate that has ever been known, and provided devices to facilitate accumulation.

A general effect of the present economic situation of the family has been decreased possibility of support of the older by the younger members of a family. There are proportionally fewer young members as the birth rate has fallen, and with smaller families the support of the aged members is concentrated upon a few persons. In former times, the fami-

ly's reliance upon direct income was the salvation of the old. They could contribute to it perhaps nearly enough to meet their needs. They could receive of it in unobtrusive ways. Thus the time-honored support of the aged by their children has become increasingly difficult.

The Desirability of Thrift

Both economic and social changes in family life have had in the main deterring effects upon family thrift. It is therefore essential to note whether such thrift is as necessary at the present time as formerly. Family thrift has been prized both as the source of social capital and for the well-being of the family.

For the Formation of Social Capital. The sum total of all capital owned privately or by the community is the social capital of the group. Unless a sufficient amount of the resources of a community are continuously turned from consumptive channels to augment social capital, progress would be an impossibility. It is a question today as to how far the community is dependent on family thrift to supply social capital. The growth of capital through abstinence is related, however, to the previous accumulation of capital in a particular country relative to the rest of the world, and to the credit machinery of that country. It has been assumed that the formation of capital is everywhere indissolubly linked

with family thrift. Such an assumption is based 1) upon the institution of private property, and 2) upon the theory that the entire social income is distributed among individual families. At the present time, by no means all of the income from social capital finds its way into the hands of individual families. Business savings, or corporate surpluses, that never find their way as income into the hands of individual families amounted to about 40 per cent of the entire saving of the nation between 1909 and 1918.¹ It is further true that commercial banks through their credit machinery build up a certain amount of social capital in the form of funds for long time investment.

For the Family. Before final appraisal, it is well to note the desirability and the possibilities of family thrift in relation to the stages or purposes of thrift. These are

1) Accumulation to raise status

2) Provision for special situations arising during the productive period

3) Provision for the post-productive period

It will be seen at once that in practice these purposes shade off into each other and overlap. For example, education of children, which is a normally expected expendi-

¹W. I. King, "The Net Volume of Saving in the United States," Journal of the American Statistical Society, 18 (1922), 470.

ture of the productive period to be met by forethought, is equally a provision for raising the status of the next generation. It has been perhaps the most common American method. Also emergencies so color the possibility of provision for old age that both temporary and distant future provision are interlocked in many instances. Yet there are parts of the problem where the differences in degree or stage of thrift is significant, particularly in relation to thrift in the different income classes.

The first two stages of thrift are considered desirable goals for all types of families. A family should be able to make and carry out a plan for its independence and self-maintenance throughout the vicissitudes of life. It is probably safe to say that thrift of the sort to enable a family to "get on" in the world is also a recognized American desideratum, although this goal is more questionable. Conceivably the ill effects resulting from lack of thrift, e. g., suffering and want in old age, might be met by some means other than thrift. It is, however, obvious, that results to be obtained through thrift, at least in the sense of provision for the future, are most desirable for the family and that the ill effects resulting from its lack are to be avoided if possible.

Possibilities of Thrift

In addition to considering the desirability of thrift,

it is essential to regard the possibilities of family thrift under present conditions. These are affected by the kind and quality of devices available for the investment of savings and by the distribution of incomes.

Methods and Opportunities for Achieving Thrift. It is true that the modern family has a great advantage over its predecessors in the growth of devices for disposing of its savings. It presumably has greater security, at least from the more obvious forms of loss such as through direct robbery and spoliation. One cannot be sure, however, that it is as well protected against the more subtle forms of insecurity, such as decrease in value of its holding. It has a wider choice of methods of saving and it may shift from one method to another to suit the size of the saved fund and the desires of the saver. It may select methods especially suited to its purposes. Those methods suitable for provision for the future must have security above all other characteristics. If the primary purpose of thrift is "getting ahead", the family may invest in its own business, or in real estate or corporate securities on a speculative basis. If the primary purpose is provision for the future, there is the questionable method of speculative enterprise and in addition the sound method of investment with a minimum of risk, directly or indirectly. There is also insurance. Although investment and insurance devices show phenomenal development, it is easy to

overestimate this growth as a measure of thrift. They overlap partially, and they are measures of overt saving. To a certain extent, they take the place of, rather than augment, earlier more hidden methods of saving such as reinvestment in one's own business. The number of independent entrepreneurs is on the decline, hence fewer people can invest in their own businesses. Savings at present also include "business savings"; and, as was stated, these account for about 40 per cent of the total.

The importance of the insurance principle for family thrift must be emphasized. While social in its essence, it is individual to the extent that its aid may be voluntarily accepted or rejected by a family. It has been used informally since time immemorial, for the organization of the great family was such that risk was automatically spread among a large number. Commercial insurance is relatively modern; and while it shows phenomenal growth, most individual families are still inadequately protected today. Babson recommends that families with incomes below \$3500 to \$4000 should use insurance to the extent of two-thirds or more of their total accumulation.¹ There is still room for the development of more and cheaper types of insurance, and an especial need of popularizing the cheaper forms.

¹P. Nystrom, Economic Principles of Consumption, (New York, 1928), p. 507.

Influence of Income Distribution. Before discussing the problems directly connected with income distribution, two qualifying factors may be noted --- the secular trend of real income and the standard of living. The modern American family has the advantage in its thrift program of living in an era when the secular trend of real income is upward. The chief causes of this upward trend are a general increase in productivity combined with a relative decrease in the supply of labor. The other qualifying factor, the standard of living, has an opposite effect on thrift at the present time. There is great emphasis in the American standard of living, in spite of its heritage of attitudes favoring thrift, on the gratification of present as against future needs. Part of this emphasis is thoroughly justified, e. g., that based on the importance, backed up by scientific evidence, of certain essentials such as milk in the diet and dental care. Part of it is due to the character of the money economy with its enticements of the market place, its advertising and its aggressive salesmanship. It is a difficult matter to appraise the standard of living as to essentials for present consumption. There are few scientific guides for most of the items in any standard of living, and it may be possible to safeguard the material future at too great a sacrifice of present values. Yet there is room for an evaluation of present and future wants with a view to placing provision for the future

above certain conventional choices in the present.

The possibilities of family thrift are definitely related to the size of income received. Nystrom¹ estimates that approximately one-third of all families in the United States (in 1928) were in the low income group, that is, received incomes of less than \$1800 per year. Possibly 3 per cent received above \$5000 per year. All others were in the middle income groups. Regardless of the testimony of the growth of savings devices and institutions, including the spread of the insurance principle, only the high income groups can achieve all three goals of family thrift to an adequate degree on an individual family basis --- i. e., provision for the immediate future, provision for the distant future and accumulation to raise family status. The middle classes may provide adequately for the future, but there is a question as to the possibility of accomplishing the third purpose as their incomes result more and more from sale of services and less from entrepreneurship. On the other hand, with lessened opportunity for quick change of status through individual effort, there is greater need for slow building up of moderate family estates as aids to the coming generations. The low income groups are in a very precarious position as regards achieving family thrift. It is estimated that \$250 per year, saved uninterruptedly over a 40-year period, is necessary for

¹Economic Principles of Consumption, Chapter XII.

minimum provision for the future in families with three children. This amount is far in excess of actual savings on low incomes. It is at least \$100 to \$150 more than the savings allowed in the estimated cost of a minimum tolerable level of living for urban families of that size; consequently such estimated costs must be raised by these amounts or more if adequate provision for the future is to be included in the minimum tolerable level of living. The cost of such a level for a family consisting of two adults and three children living under urban conditions was estimated in 1928-1929 at \$1800 to \$2000 in large cities,¹ \$1600 in smaller.² In 1928, it was estimated that four-fifths of the married men in the United States had incomes less than \$2000.³ These families are consequently unable to make adequate provision for the future under the above conditions, whatever may be possible for farm and village families and for those that have no children or fewer than three.

Social Aids in Providing for the Future

With the serious difficulty, if not impossibility, of providing for its own future in many families on low incomes, social insurance and pensions as aids to the individual family

¹The Chicago Standard Budget. Chicago Council of Social Agencies, 1929.

²Spending the Family Income, Cincinnati League of Women Voters, 1928.

³Hazel Kyrk, Forthcoming book on Economic Problems of the Family.

in providing for the future or as supplements to family thrift are a matter of increasing interest in the United States. It is recognized that thrift to raise status is and must always remain a matter of individual family provision. It is further recognized that it is possible to aid the family in providing for the future through increasing the economic wellbeing of the low income groups, and through educating the family to the vital importance of providing for its own future as far as possible. Nevertheless, the other two purposes of thrift, namely provision for the immediate, and for the more distant future, are so vital to the wellbeing of the family that society may well aid in achieving them. The responsibility of being "my brother's keeper" is no new phenomenon, as the age-old veneration for charity shows. Social insurance has developed to meet this need. It differs from private insurance in that it is compulsory, or subsidized, or both. It is based either as has been suggested on need, or on economic status as discussed below.

Society may reduce the need for family thrift by social insurance, as, for example, workmen's compensation, on the basis that a system of rights akin to the rights of ownership should be built up for those who assume the economic status of wage earner. The argument rests upon the theory that the full costs of production must cover all occupational risks, including the risk of unemployment and perhaps the

risk of superannuation. Workmen should be insured against these risks through the medium of industry.

Family thrift may be supplemented through social action in varying degrees and by various methods. Society may offer a supplement for the individual family to accept or reject, e. g., subsidized insurance; it may make insurance in a prescribed form against specified risks compulsory; or it may freely offer a substitute for family thrift, e. g., old age pensions and workmen's compensation. A social substitute for thrift on the basis of need is the least desirable of the foregoing possibilities. Provision for the post-productive period of old age is a contingency that everyone meets regardless of occupation, and as far as is feasible the individual family should cooperate with society on a voluntary basis in meeting it, as in that way the family's problems are solved with least loss to its own self-respect and initiative. On the other hand, the social substitute for family thrift that is based upon the right to certain benefits by virtue of economic status may be a completely desirable, perhaps the most desirable, means of making minimum provision for the future. Even a strong individualist will not hesitate to accept that to which he is entitled through established rights. A system of rights that ensures minimum provision for certain future contingencies through relationship to his employment would secure to the worker the same sort of advantages that are en-

joyed by the owner of capital.

It was emphasized that low income families can provide for their own futures only to a very limited degree under existing conditions, and that the low income groups make up at least one-third of the population. It is for these groups that social aids and supplements are all-important. Family thrift is not in opposition to social supplementing of thrift, particularly when the supplementing is on a contributory basis and when participation is voluntary. Under all circumstances social provision is merely the minimum requirement, and adequate provision requires family thrift in addition. Social supplementing "is an agency for thrift which does not unduly depress consumption during the saving period, and which protects the standard of consumption throughout the vicissitudes of life."¹

Final Appraisal

In the appraisal of family thrift present attitudes in relation to practices will be examined and desirable policies both individual and social will be considered.

Cultural lag

Family thrift seems to be in the condition described by

¹A. H. Hansen, "Thrift and Labor," Annals of the American Academy, 87 (1920), 48.

Ogburn as "cultural lag". Ellwood defines culture as including "all of man's acquired power of control over nature and himself. It includes, therefore, on the one hand, the whole of man's material civilization, tools, weapons, clothing, shelter, machines, and even systems of industry; and, on the other hand, all of non-material or spiritual civilization, such as language, literature, art, religion, ritual, morality, law, and government."¹ There are thus the two divisions of culture, material and non-material. These divisions do not necessarily change at the same rate. "It is evident enough that our thinking and feelings do not change so readily as our circumstances, and cannot as yet keep pace with our knowledge at its present rate of increase.....Our sentiments teem with embarrassing anachronisms of which we are usually quite unconscious."² The "adaptive culture", that is, the non-material culture which is adapted to material conditions, does not in general change as quickly as the material culture. "There is a lag which may last for varying lengths of time, sometimes indeed, for many years."³

In the realm of family thrift this lag has been recognized by many modern writers. It shows itself particularly in three attitudes, 1) the view that thrift is a moral virtue,

¹F. S. Chapin, Cultural Change, (New York, 1928), p. 21.

²James Harvey Robinson, "How Did We Get That Way?" Harper's Magazine, 153 (1926), p. 265.

³W. F. Ogburn, Social Change (New York, 1922), p. 203.

2) that family thrift is the only source of social capital, and 3) that thrift is solely an individual family problem.

One form of cultural lag in family thrift is in the emphasis on the morality of thrift. Tugwell points out the untimeliness of this attitude:

Long ages of grinding poverty inculcated the very fiber of (man's) mind with a morality of abstinence and self-flagellation. These are the typical virtues of economic deficit. But in an age of surplus they reveal their insufficiency in a thousand ways. . . . We need such a revaluation of life's codes of conduct as will make this clear. For the old, dead concepts linger on in a world that has outgrown them.¹

The exalting of old ideas and standards of frugality is no new phenomenon. In the Seventeenth Century, Daniel Defoe wrote:

Doubtless our forefathers were better acquainted with the advantages of frugality than we are.²

The principle of frugality and good husbandry, is indeed so contrary to the general practice of the times, that we shall find very few people to whom these doctrines are agreeable.³

Hoyt states the present position on the morality of thrift:

The virtue in saving, of course, resides not in the saving itself but in the object for which the saving is done, and the question of saving is for most people precisely as "moral", no more and no less, than other questions in the field of consumption.⁴

The actual immorality of saving may be pointed out:

The impulses to conservation are overexercised to the

¹Tugwell, Munro, and Stryker, American Economic Life (New York, 1925), p. 466.

²Daniel Defoe, "Complete Tradesman." Complete Works (London, 1841), 17: 87.

³Ibid., 17:210.

⁴E. E. Hoyt, The Consumption of Wealth (New York, 1928), p.310.

detriment of the impulses to creation. We are apt to conceive of consumption as a kind of final act, a using up of something gained by human effort. And we are consequently apt to think also that the person who performs fewest of these final mystic rites of use which are a loss to the world, is the best person in it. Frugality is dignified out of all proportion. A more useful conception is the biological one which regards consuming activities as the recreators of energy and justified to the extent to which they succeed in recreating it. Saving or frugality which sacrifices human energy is curiously shortsighted; for it is from human energy alone that we obtain the goods for consumption.¹

An unconscious deviation in popular thought from the morality of thrift may be seen through the shift in meaning of the term itself. An editorial in the *Journal of Home Economics* in 1925 exemplifies this shift:

Two rather distinct ideas seem to be current as to what the practice of thrift means. One confines it mainly to the saving and wise investment of money. The other is the wise spending of money and the careful utilization of the goods for which it is spent. Both may serve the purpose of providing for the future, but we suspect that the second is more fundamental.²

Carver unconsciously makes the most of this change in meaning:

The sound common-sense of the people of every nation that ever amounted to anything has always approved of thrift and disapproved of extravagance. It is only when a few half-educated people get slightly sophisticated that they begin to indulge in the pestilential nonsense that we prosper by extravagance. The thrifty person spends money, and spends it freely, for things which leave him stronger physically, mentally, morally or economically.³

Advertisers are seizing on this change in meaning to stimulate purchasing, e. g., a headline in a newspaper advertisement says "Thrift does not mean Self Denial. Convince Yourself by

¹Tugwell et al. *American Economic Life*, pp. 466-7.

²Op. cit., 17 (1925), 27.

³T. N. Carver, *War Thrift*. Preliminary Economic Studies of the War, No. 10. Carnegie Endowment for International Peace. 1919, pp. 39-40.

Shopping Here!"¹ Since we must be "moral", and since as a people we need not be as frugal as under earlier conditions, let us change the meaning of the term "thrift" and keep the "morality" flavor attached to the more accurate meaning!

A second form of cultural lag is the assumption that family thrift is the sole source of social capital. It is unnecessary today for the family to be as frugal as formerly in order to accumulate social capital. Nearly half of the national savings at the present time are business savings and hence of the costless variety. Therefore social capital is now partially accumulated in ways quite distinct from family thrift. It still remains true, however, that a certain amount of social capital is dependent on family thrift for its formation. A further change in the formation of social capital may be anticipated under the following circumstances. If, conceivably, provision for the future were all made through social insurance, the saved fund, which is social capital, would not be as large as if all families were taken care of adequately through individually saved funds. In the very nature of insurance --- based on statistically computed risk --- provision is made only for the one contingency that actually arises in a group instead of the much larger number that might arise. One must immediately note the phrase "if all families were taken

¹Advertisement in the Chicago Sunday Tribune. Mch. 9, 1930.

care of adequately." Adequate social provision for all would probably require as large or a larger saved fund and hence provide more social capital than the present combined saved funds since many families are now very inadequately protected. But, under the latter arrangement, social capital, though not curtailed in amount, would arise less through family thrift than it does under the existing one.

The third form of cultural lag is the emphasis on the individual small family as the sole desirable unit of provision for its own future. This last phase of cultural lag will be discussed in the next two sections.

Desirable thrift policies for the individual family.

Thrift policies for the individual family involve questions of family responsibilities and questions of the general purposes of family thrift. Family thrift was a workable ideal of the great family group and flourished particularly in a simpler agricultural society. The great family unconsciously used the insurance principle in caring for its members, i. e., the risk of emergencies such as accident and illness, and risk of old age dependency, were without effort spread over a large group of people. Present-day social changes have, with the elimination of the great family, drastically cut down the size of the family group which is to be self-sufficient. Frequently today there is only one breadwinner; and the small family must use the insurance principle consciously if at all.

It was pointed out that the feeling of kinship has been very much weakened until the only remaining strong sense of responsibility is that of the parent toward the child in his more helpless years. It is not to be expected that the earlier affectional feeling for distant kin will return under our present conditions of living. It is also probable that the bond of child to parent will be further weakened rather than strengthened, judging by the present trend. These signs point to the great need of the individual accepting as far as is possible the responsibility of providing for his own future.

The purposes of family thrift were shown to be provision for the immediate future, provision for the distant future and accumulation to raise status or to "get ahead" in the world. There is no question as to desirability of both sorts of provision for the future, either through the individual family alone or aided by society. A sense of insecurity is a tremendous handicap in carrying on the ordinary business of life. It is less settled that accumulation to raise status is a desirable goal of family thrift. It is probably an American desideratum; but there are ways of raising status other than through accumulation. Education is such an alternative.

Desirable social policies with reference to family thrift.

It was definitely stated in the course of this study that thrift for the purpose of raising status could never be a matter of social concern. At the same time, a family's pro-

vision for the future has social as well as individual significance. If it cannot provide for itself through the various contingencies that may arise, society must to a certain extent pick up the burden. Capability to provide for one's self is not the acid test of survival in modern society.

Without going to the extent of picking up the burden, society can at least lighten it. One social policy to aid the family in providing for itself is thrift education. A family may be taught to realize the need of provision for its own future sufficiently to include it among its prime essentials of wellbeing. The problem of such provision strikes at the question of evaluating choices in the standard of living. In many cases above the minimum subsistence level, its solution may be the building of a different scale of choices. The apportionment of income up to the very high income groups is a question of weighing alternatives. It is certain that adequate provision for the future might with wisdom be more heavily weighted in many scales than are certain conventional choices at the present time. It is conceivable that families even in the low income groups might provide "adequately" for their own futures by lowering the present minimum health and decency standard of living, thus decreasing its cost and saving the surplus.

Another and more immediate sort of thrift education concerns the disposition of savings. A family may learn to

improve the adequacy of its provision for the future not by saving more but by choosing a wise method of disposing of its savings to suit its ultimate purpose. There is need of education to acquaint the general public with suitable methods of investment. Speculative methods of investment are suited only to the purpose of raising status, and are barred to the low and even to the moderate income groups. The risk involved precludes their selection as a means of providing for the future. The insurance principle must be emphasized as a means of ensuring adequate provision for the future at least cost to the individual.

Family thrift is also promoted by social policies which favor the more equitable distribution of the national income, thus reducing the proportion of families in the low income groups and raising the proportion who can provide adequately for their own futures at present standards of living. If the productivity of labor is increased, it will thereby secure greater returns, and a larger real income. Out of larger real income, it would be easier to achieve a surplus to be saved.

Programs of prevention and reduction of insecurities are other desirable social policies with reference to family thrift. The most satisfactory way to meet a contingency is to forestall its appearance. Some of the problems of economic insecurity cannot be avoided; but positive health movements to increase physical well-being, and preventive work to reduce

accident, are social means of decreasing the cost of provision against sickness and accident, and against premature death of the breadwinner. Unemployment is another economic emergency that conceivably might be lessened.

As has been said, the most fruitful suggestion to low and moderate income groups for meeting the first two purposes of thrift independently is through "private" insurance. Yet all insurance is social in its essence, for its whole principle is the distribution of risk over a group. Insurance may become more valuable to the individual family than it is today as new and relatively inexpensive forms are developed to meet all types of contingencies. Similarly the making available of many types of investments, and the social safeguarding of investments once made, are further social means of enabling the individual to make and carry out his own thrift program.

Regardless of programs of prevention, and regardless of the indirect help society may offer the individual family in providing for its future, there are needs which can only be met by direct social aid of a financial nature. With our present ideas of what constitutes a minimum tolerable standard of living, the possibilities of family thrift to provide adequately for the future are limited in the low income groups. Minimum provision for a family with three children living under urban conditions requires the saving of \$250 per year over a 40-year period. At least one-third of the families in the United

States in recent years of ordinary prosperity could not make such provision.

Direct financial aid is offered to individual families through social insurance. As was stated, social insurance differs from private insurance in that it is either compulsory, or subsidized, or both. It was explained that some types are an outgrowth of charity and are offered to provide on a minimum level for needs not met by family thrift. Other types are based upon the status of workman and are offered as rights inherent in employment. The latter is a very different basis from the former and presupposes the establishment of a new system of rights akin to property rights. Nevertheless, social insurance even on a non-contributory basis can never supplant family thrift because it is intended to offer minimum, not adequate, provision. The difference between this minimum provision and adequate provision must be supplied through family thrift.

A criticism of social insurance concerns the effect upon the individual of removing from him the spur of necessity to save.

That reward (of exertion) will disappear altogether if the state should push to extremes the policy of relieving the incapable from the consequences of their incapacity at the expense of those who could provide for themselves.¹

¹Palgrave's Dictionary of Political Economy. (London, 1923). III:540.

It is the old accusation against communism, and not a totally unjustifiable one. Nevertheless it carries within it certain assumptions as to the need of more equitable distribution of income to enable all to save individually while maintaining a decent standard of living. Without such assumptions, a criticism like the following becomes a mere peevish complaint:

Overlooking fundamental causes, we leap to the breach with new institutions. We agitate for doles for the unemployed, "homes" for the aged, mothers' allowances, and old age pensions. By such travesties upon the human spirit we fortify the system which has robbed us of our worth as individuals and broken us upon the wheel we call our civilization.¹

Such a criticism also overlooks the implication of social insurance on the basis of status. If a workman has certain rights connected with his job, as, for example, the right to compensation in case of industrial accident, there can be no lessening of his self-respect or initiative in accepting what is his right and due.

In conclusion, family thrift, like other social practices, is a product of circumstances. Background attitudes toward it are based on earlier simpler conditions and the pendulum has swung from the safer agricultural life to the more precarious industrial life of the cities. The trend is clearly toward a reappraisal of individual family thrift as a moral virtue, of family thrift as the only source of social capital and of the individual family as the sole provider for its own

¹F. H. Allport, "Must We Scrap the Family?" Harper's Magazine, 161 (1930), 192.

future. There is increasing emphasis on the fact that provision for the future is but one of many desirable ends to be secured through the wise apportionment of income. There is also increasing emphasis on the social morality of group supplementing of family thrift through social insurance. Nevertheless there still remains a high degree of responsibility upon the individual family if provision for its future is to be adequate. Thrift remains a part of a well-rounded family life and a social value which should be conserved if possible.

